



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Velma R. Hart

NOV 17 2014

Upper Marlboro, MD 20774

RE: MUR 6754

Dear Ms. Hart:

On September 19, 2014, the Federal Election Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. On November 13, 2014, based upon the information contained in the complaint, and information provided by you, the Commission decided to dismiss the complaint and close its file in this matter. Accordingly, the Commission closed its file in this matter on November 13, 2014.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). The Factual and Legal Analysis, which explains the Commission's findings, is enclosed for your information.

If you have any questions, please contact Ruth Heilizer, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

General Counsel

A handwritten signature in black ink, appearing to read "Jeff S. Jordan", is written over a horizontal line.

BY: Jeff S. Jordan
Assistant General Counsel
Complaints Examination and
Legal Administration

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: AMVETS (American Veterans)
Velma Hart

MUR 6754

I. INTRODUCTION

This matter was generated by a Complaint filed by AMVETS (American Veterans) (aka "AMVETS" or "Complainant") alleging a violation of the Federal Election Campaign Act of 1971, as amended (the "Act")¹ and Commission regulations by Respondents AMVETS and Velma Hart. After reviewing the record, the Commission dismisses the allegation.

II. FACTUAL AND LEGAL ANALYSIS

A. Factual Background

On September 12, 2013, AMVETS, a Congressionally-chartered non-profit corporation² that is tax-exempt pursuant to section 501(c)(19) of the Internal Revenue Code ("I.R.C."),³ filed a Complaint reporting potential violations of the Act. Complaint ("Compl.") at 1-2. AMVETS states that it made corporate contributions to a political action committee through the actions of its then National Finance Director, Velma Hart ("Hart"). *Id.*

AMVETS explains that Hart's employment "terminated" on November 19, 2010. Compl. at 1. Subsequently, in 2012, AMVETS hired Tate & Tryon, an accounting firm, to examine credit card charges by various AMVET employees from 2006 through 2010. *Id.*;

¹ On September 1, 2014, the Act was transferred from Title 2 of the United States Code to new Title 52 of the United States Code.

² See 36 U.S.C. § 22701 (AMVETS is a federally chartered corporation). AMVETS describes itself as a "national veterans' service organization." Compl. at 1.

³ The Internal Revenue Service explains that I.R.C. § 501(c)(19) applies "only to veterans' groups and their related auxiliaries." See <http://www.irs.gov/Charities-&-Non-Profits/Other-Non-Profits/Veterans-Organizations>.

1 *see also* Ex. A. (report by Tate & Tryon). Among other findings, Tate & Tryon disclosed that
2 Hart's credit card statements included "a number of expenses lacking supporting documentation"
3 as well as "personal expenses charged to the corporate credit card." Compl. at 1; *see also* Ex. A
4 at 4-7. AMVETS alleges that Hart, using her AMVETS corporate credit card, had apparently
5 made unreimbursed contributions to ASAE PAC.⁴ Compl. at 1-2; *see also* Ex. A at 5.
6 Specifically, AMVETS determined that Hart had made the following contributions to ASAE's
7 political action committee ("PAC"): \$50 on October 12, 2005; \$100 on November 13, 2006;
8 \$100 on November 12, 2008; \$250 on March 31, 2009; \$250 on July 12, 2009; \$250 on
9 December 12, 2009; \$250 on February 12, 2010; and \$250 on October 12, 2010; for a total of
10 \$1,500. Compl. at 1-2; *see also* Ex. B (described as chart listing Hart's contributions and
11 accompanying credit card documentation).

12 AMVETS sent Hart a letter inquiring whether she had reimbursed AMVETS. Compl. at
13 2; *see also* Ex. C (copy of undated letter from AMVETS to Hart). AMVETS attaches a letter
14 from Hart dated February 27, 2013, in which she states that "I was not requested to nor did I
15 reimburse AMVETS" for the contributions. *Id.* AMVETS asserts that Hart had "actual notice"
16 that her contributions to ASAE's PAC, using AMVETS's corporate credit card and funds,
17 violated federal law. Compl. at 2. The Complaint includes "contribution forms" allegedly
18 provided by ASAE's PAC and signed by Hart, which state that credit card contributions should
19 be made using personal credit cards and that contributions from corporations could not be
20 accepted. *Id.*; *see also* Ex. B (includes ASAE's PAC contribution forms).

⁴ According to its Statement of Organization, the committee's title is "ASAE APAC." ASAE APAC is registered with the Commission as the separate segregated fund ("SSF") of the American Society of Association Executives.

1 In response, Hart does not deny having made the contributions, but states that AMVETS
2 required her to use "the corporate credit card for any and all expenses related to [her]
3 participation, and representing of AMVETS . . . [including] ASAE." Hart Response (Resp.) at 1.
4 Hart also asserts that all of her expenses related to ASAE were approved in advance by
5 AMVETS' executive director and that, before her departure from AMVETS, all of her credit
6 card statements were reviewed on a regular basis and were found to be in order.⁵ *Id.* at 1-2. She
7 includes with her Response a letter of recommendation apparently written on her behalf by
8 AMVETS National Executive Director James B. King, dated December 8, 2010 and further
9 suggests that AMVETS may have filed the instant Complaint in connection with an unrelated
10 employment dispute. *Id.* at 2. As for the contribution forms allegedly provided to her by ASAE,
11 which state that corporation contributions are prohibited, Hart acknowledges that she may have
12 failed to read the "fine print," but asserts that she was "following the directives, policies and
13 procedures" of AMVETS. *Id.* at 1.

14 **B. Legal Analysis**

15 The Act and Commission regulations prohibit corporate contributions. 52 U.S.C.
16 § 30118(a) (formerly 2 U.S.C. § 441b(a)); *see also* 11 C.F.R. § 114.2(a). Similarly, officers and
17 directors of corporations are prohibited from consenting to corporate contributions. 11 C.F.R.
18 § 114.2(e). Therefore, it appears that AMVETS and Hart, its National Finance Director, violated
19 the Act and Commission regulations in connection with Hart's contributions to ASAE's PAC.
20 However, it appears that \$750 of the \$1,500 in contributions at issue were made more than five
21 years ago and, therefore, appear to fall outside of the five-year statute of limitations. *See FEC*

⁵ Hart acknowledges that an issue was raised as to the use of the AMVETS credit card for personal expenses by herself as well as other AMVETS employees. Resp. at 1. She states that AMVETS subsequently changed its policy to disallow the use of its credit cards for personal expenses. *Id.*

1 v. *Williams*, 104 F.3d 237 (9th Cir. 1996), *cert. denied*, 522 U.S. 1015 (1997) (the general federal
2 five-year statute of limitations, 28 U.S.C. § 2462, applies to FEC civil enforcement actions that
3 seek the imposition of civil penalties). The remaining amount at issue, \$750, is *de minimis*.
4 Further, an investigation of the facts presented does not warrant the use of additional
5 Enforcement resources. Thus, the Commission exercises its prosecutorial discretion and
6 dismisses MUR 6754. See *Heckler v. Chaney*, 470 U.S. 821 (1985).

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